File: M010057   0003

From: <ep7@xmission.com>
To: Daron Haddock <daronhaddock@utah.gov>
Date: 8/30/2006 10:29:48 AM
Subject: Re: Permitting

Dear Mr. Haddock,

Please see the attached letter.
I will be trying to get some better mapping together.

David Penney
Quoting Daron Haddock <daronhaddock@utah.gov>:

> Dear Mr. Penney;
> Per our phone conversation, I am attaching a copy of the May 25, 2005
> letter that needs your attention. I have highlighted the two paragraphs
> that seem to be the most important. They have to do with mapping of the
> Sliver 3-4 mines. In order to complete the permitting process, you will
> need to supply adequate maps of the Sliver 3-4 area. These in turn will
> help us determine the surety amount that needs to be posted for
> reclamation of the site.
> It appears that this is about the same information that we also need
> for the Sliver 1-2 mine. Adequate maps and bond for the site. We do
> need to get this information as soon as possible and at least before the
> end of August. Please call me or Tom Munson if you have questions.
> Thanks.
>

CC: Susan White <SUSANWHITE@utah.gov>, Tom Munson <TOMMUNSON@utah.gov>

PENNEY'S GEMSTONES LLC

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August 30, 2006

State of Utah
Division of Oil Gas and Mining
1594 West North Temple
Suite 1210
Salt Lake City, UT 84114
Attn: Daron Haddock

Dear Mr. Haddock,

As we discussed in 2005, it would be better to keep Sliver 3-4 as a small mine. By taking the RS 2477
road (Road number D-1082) off the calculated acreage disturbance, the total project disturbance would be
under 5 acres.
In reply to the issue on the Sliver 1-2 project, I have sent a contract that Mr. Truman's attorney has been
reviewing. I will be making another visit to Mr. Truman.
No mining on these projects will occur until the legalities have been resolved.

Sincerely,

David Penney